

**Pre-Board Meeting
IGCC
November 1, 2006**

Mr. Stephens stated that there are some sensitivities with the subject of IGCC in light of the ongoing litigation. Mr Olsen stated but the Air Quality Board has asked for an overview of the IGCC technology and he would provide that in the following presentation. See attachment #1.

The Slides are from two basic sources, the EPA and EPRI, the Electric Power Research Institute or EPRI, a reputable research institute. In the spirit of full disclosure, EPRI is funded by the electric power industry. Mr Olsen stated that we have taken factual information and tried to stay away from opinion types of information.

Mr. Sprott would like suggestions on what needs to be done in the future regarding IGCC.

Mr. Wessman stated that there needs to be more studies. This process is a big commitment.

UTAH AIR QUALITY BOARD MEETING
November 1, 2006

FINAL MINUTES

I. Call to Order

John Veranth called the meeting to order at 1:33 PM.

Board members present

Nan Bunker, Jerry Grover, Jim Horrocks, Dianne R Nielson, Wayne Samuelson, Joann Seghini, Don Sorensen, Ernest Wessman, Scott Lawson and John Veranth.

Executive Secretary: Cheryl Heying acting for Rick Sprott.

Board members excused:

Stead Burwell

Mr. Sprott stated that the Jeff Dean, compliance manager for the Division of Air Quality passed away on September 28, 2006. Jeff was innovative and made a significant contribution to the environmental quality of Utah. We lost a leader and gained a legacy.

II. Date of the Next Air Quality Board Meeting

December 6, 2006 will be set as a tentative date for the next Board meeting.

III. Approval of the Minutes for September 6, 2006 Board Meeting

- Don Sorensen made the motion to approve September 6, 2006 minutes. JoAnn Seghini seconded and the Board approved unanimously.

IV. Appointment of Temporary Executive Secretary. Presented by Dianne R. Nielson.

Ms. Nielson stated that in order to insure an efficient way of doing business we need to consider having an acting Executive Secretary only in rare occasions when the Executive Secretary is unavailable. We would like to ask the Board to appoint Cheryl Heying as the acting Executive Secretary. Mr. Sprott stated that the duties would include permitting actions, signing legal documents, including smoke management.

- Mr. Wessman made the motion to appoint Cheryl Heying the acting Executive Secretary of the Air Quality Board. Ms. Bunker seconded and the Board approved unanimously.

V. Appointment of Hearing Officer for A-1 Restoration. Presented by Christian Stephens.

Mr. Stephens stated that back in June the Executive Secretary issued a notice of violation to A-1 Restoration. A hearing has been requested by A-1 and we request that the Board appoint a hearing officer. Mr. Wessman volunteered to be the hearing officer.

- Ms. Bunker made the motion to appoint Ernest Wessman as hearing Officer for A-1 restoration. Mr. Grover seconded and the Board approved unanimously.

VI. Propose for Public Comment: Amend R307-210, Stationary Sources; Amend R307-220, Emission Standards: Plan for Designated Facilities and Add New Section IV, Plan for Mercury Emissions at Coal-Fired Electric Generating Units; Add New Rule R307-224, Mercury Emission Standards: Coal-Fired Electric Generating Units; and Add New Rule R307-424, Permits: Mercury Requirements for Electric Generating Units. Presented by Bill Reiss.

Mr. Reiss started with background on May 18, 2005 EPA released its Clean Air Mercury Rule (CAMR) to address airborne mercury emissions from Electric Generating Units (EGUs.) The rule generally applies to any stationary coal-fired boiler, serving a generator with nameplate capacity of more than 25 megawatts.

The CAMR program will take place in two phases, reflecting a two-tiered reduction in nation-wide mercury emissions from an estimated 48 tons in 1999. Phase one will begin in 2010 and run through 2017. Under Phase one, EPA will issue a total number of mercury allowances equal to 38 tons. Phase two begins in 2018. Under Phase two, EPA will reduce the number of allowances to a corresponding nationwide emission rate of 15 tons per year.

Utah's allowances under the CAMR will be 0.506 tons per year in Phase one and 0.200 tons per year in phase two. As a point of comparison, EPA estimates that EGUs in Utah emitted 0.142 tons of mercury in 1999. Utah's budgets do not include emissions from Deseret Generation and Transmission (the Bonanza plant.) Rather, the Ute Indian Tribe has jurisdiction over that facility. The Utes are also given a budget under the CAMR.

EPA has proposed a "model rule" to satisfy the compliance element of the Designated Facilities Plan. The model rule is essentially a national cap and trade program. Sources within each state or tribal area could exceed this budget if they were to secure enough extra allowances to cover the overage.

States and tribes are free to participate in this national trading program or not. Should they choose not to take part, the DFP would have to outline alternative means of keeping the mercury emissions from these pre-existing facilities within the budgets allocated to

that state or tribe. Presumably, this alternative means would involve emission limits and, like the model trading rule, would include provisions for monitoring, recordkeeping and reporting. Today's Proposal:

Utah Division of Air Quality (DAQ) has drafted a suite of rules intended to implement a comprehensive strategy to address mercury emissions from EGUs.

This strategy includes participation in EPA's nationwide cap and trade program, with overall goals of reducing mercury emissions from an estimated 48 tons per year nationwide to 38 tons per year by 2010 and 15 tons per year by 2018.

It also includes state-only provisions which establish minimum performance criteria for existing EGUs and require offset for potential increases in mercury emissions.

The proposal is reflected in four separate rules as well as the Designated Facilities Plan. Each of these has been included in the packet, and a brief description is provided below:

R307-224 "Mercury Emission Standards: Coal-Fired Electric Generating Units" In this rule, Utah is proposing to incorporate by reference much of EPA's model rule which establishes a cap and trade program to ensure that mercury emissions from EGUs will remain in compliance with the emission budgets established for the State of Utah. Some parts of the model rule have specifically not been incorporated by reference.

"Designated Facilities Plan for Mercury (Hg) Emissions at Coal Fired Electric Generating Units" This Plan (or DFP) is required under 40 CFR 60.24 to address mercury emissions at qualifying coal-fired electric generating units that were in existence prior to EPA's new regulations under the New Source Performance Standards. Those parts of the model rule that have specifically not been incorporated by reference in R307-224 are addressed here in the DFP.

R307-220 "Emission Standards: Plan for Designated Facilities" In this rule, Utah incorporates by reference the entirety of its Designated Facilities Plan. The DFP includes sections covering: Municipal Solid Waste Landfills (Section I), Hospital, Medical, Infectious Waste Incinerators (Section II), Small Municipal Waste Combustion Units (Section III), and now at R307-220-5 a new "Section IV, Coal-Fired Electric Generating Units"

R307-210 "Stationary Sources" In this rule, Utah incorporates by reference all of 40 CFR 60, Standards of Performance for New Stationary Sources. Much of EPA's federal rulemaking with regard to mercury emissions from EGUs appears in part 60, and not all of it is contained in the Model Rule (which is subpart HHHH.) Subpart HHHH is specifically not incorporated by R307-210.

R307-424 "Permits: Mercury Requirements for Electric Generating Units" In this rule, Utah seeks to establish state-wide requirements for mercury emissions at coal-fired electric generating units. As proposed, the rule contains two distinct provisions: 1) a requirement that any existing EGU exceeding 1,500 MMbtu/hr (heat input capacity) meet certain emission rates or control efficiencies, and 2) an offset requirement for permitting increases in mercury emissions.

Mr. Reiss stated that the staff recommends that the Utah Air Quality Board propose the attached rules and the Designated Facilities Plan for public comment.

- Ms. Seghini made the motion to Propose for Public Comment: Amend R307-210, Stationary Sources; Amend R307-220, Emission Standards: Plan for Designated Facilities and Add New Section IV, Plan for Mercury Emissions at Coal-Fired Electric Generating Units; Add New Rule R307-224, Mercury Emission Standards: Coal-Fired Electric Generating Units; and Add New Rule R307-424, Permits: Mercury Requirements for Electric Generating Units to include amendment. Mr. Samuelson seconded and the Board approved unanimously.

VII. Ballot Transportation Proposition #3-Presented by LaVar Webb.

Mr. Webb provided information about proposition #3. See attachment #2. No motion was made regarding this issue.

VIII. Propose for Public Comment: New State Implementation Plan Section XXII, Interstate Transport, and R307-110-36. Presented by Jan Miller.

Ms. Miller stated that When a new National Ambient Air Quality Standard (NAAQS) is promulgated, the Clean Air Act requires states to submit a State Implementation Plan (SIP) under section 110(a)(2)(D)(i) to address interstate transport of emissions that would affect nonattainment and maintenance areas in neighboring states.

The NAAQS for PM_{2.5} and 8-hour ozone were promulgated in 1997, and EPA was sued for failure to require 110(a)(2)(D) SIPs to address those standards. EPA is now under a consent decree to issue a Federal Implementation Plan (FIP) for any state whose SIP is not submitted to EPA and approved by May 25, 2007.

EPA issued guidance to states on August 15, 2006, with supplemental information supplied on September 11. EPA asks that states submit their SIPs to EPA by November 25, 2006, in order that EPA has time to review and approve them before the deadline.

Note that this SIP is different from visibility and regional haze SIPs. This SIP is focused on demonstrating that Utah's regulation of air quality does not interfere with other states' regulation of their nonattainment and maintenance areas for 8-hour ozone or PM_{2.5}, or with their implementation of the prevention of significant deterioration (PSD) or visibility programs. By contrast, SIPs for visibility and regional haze are required to protect visibility in federally-designated Class I areas in Utah and other states. EPA Region 8, including their Regional Counsel's office, has reviewed a draft of this SIP. Their recommendations are included in this draft.

Ms. Miller stated that the staff recommends that the attached drafts of R307-110-36 and SIP Section XXII, Interstate Transport, be proposed for public comment.

- Mr. Sorensen made the motion to Propose for Public Comment: New State Implementation Plan Section XXII, Interstate Transport, and R307-110-36. Ms. Bunker seconded and the Board approved unanimously.

IX. Propose for Public Comment: R307-214-2, Incorporate by Reference Updates to Various Subparts of 40 CFR Part 63, National Emission Standards for Hazardous Air Pollutants (NESHAPS), MACT Standards. Presented by Eileen Brennan.

Ms. Brennan stated that The National Emission Standards for Hazardous Air Pollutants (NESHAPS) are federal rules that regulate hazardous air pollutants (HAPs) and implement Section 112 of the Clean Air Act (CAA). These standards are also commonly referred to as Maximum Achievable Control Technology (MACT) standards, and are located in 40 CFR Part 63.

The 1990 CAA amendments required the EPA to list source categories to be regulated by MACT standards and a schedule for promulgation of the standards. These source categories and schedules have been published, and 101 MACT standards have been promulgated. Under R307-214-2, the Division has adopted 94 of the MACTs in 40 CFR 63, and has chosen not to adopt seven of the MACTs

The Division committed to adopting, implementing, and enforcing all applicable MACT standards in the Operating Permit Program submittal to EPA in April 1994. The Division demonstrated the resources necessary to carry out this commitment, and EPA approved the Operating Permit Program in part based upon this demonstration. As EPA promulgates new standards, the Division proposes the adoption of those standards that are potentially applicable to Utah sources.

By updating our rule, the State will ensure the enforcement of the most current versions of the MACTs, and will maintain primacy over administration of these standards on Utah sources. This will be consistent with the historical approach taken by the Department of Environmental Quality, and will simplify procedures required of sources.

Ms. Brennan stated that the staff recommends the MACT rule be proposed for public comment. The proposed text for the modification to R307 214 2 is attached for your review.

- Mr. Wessman made the motion to Propose for Public Comment: R307-214-2, Incorporate by Reference Updates to Various Subparts of 40 CFR Part 63, National Emission Standards for Hazardous Air Pollutants

(NESHAPS), MACT Standards. With modification to the text Mr. Horrocks seconded and the Board approved unanimously.

X. Informational Items

A. PM Standard Update. Presented by Mat Carlile and Bill Reiss.

Mr. Carlile stated that on September 21, 2006 EPA issued its final rule setting standards for particle matter. The final rule addresses two categories of particle matter, fine particles or PM2.5 and inhalable coarse particles or PM10. EPA is strengthening the 24-hour PM2.5 standard from 65 micrograms per cubic meter to 35 micrograms per cubic meter, and retaining the current annual PM2.5 standard of 15 micrograms per cubic meter. The EPA is also retaining the existing 24-hour PM10 standard of 150 micrograms per cubic meter; however, it is revoking the annual PM10 standard. The new standards will become effective on December 18, 2006. We reviewed data from our existing PM2.5 monitoring network to determine the impact of the new 24-hour PM2.5 standard. Looking specifically at our data from 2003 through 2005 we determined that 12 out of the 17 monitors in Utah would have violated the new standard during that period. We have put together a map that shows the potential nonattainment areas of the revised 24-hour PM2.5 standard, based on EPA's default designation boundaries of Metropolitan Statistical Areas. As with the initial PM2.5 designations, it is our intent to propose any nonattainment boundaries be based on scientific data and not solely on political boundaries. Utah's method addresses terrain, actual pollution, and meteorology. In addition, it uses townships rather than entire counties to better define the real areas violating the standard. This results in areas far smaller than the EPA default boundaries. This is an example of Utah's approach. There is an implementation schedule for the revised 24-hour PM2.5 standard. This will be the timeframe for implementation unless the courts stay this rule.

B. Compliance. Presented by Bryce Bird.

C. HAPS. Presented by Robert Ford.

D. Monitoring. Presented by Bob Dalley.

Mr. Dalley updated the Board on the latest air monitoring.

Meeting adjourned 3:10 PM.